

## California Democratic Congressional Delegation Urges Bank Investigations

Washington, D.C. &ndash; Today, California Democratic Congressional Delegation (CDCD) members sent a letter to Attorney General Holder, Federal Reserve Chair Bernanke, and Acting Comptroller of the Currency Walsh requesting investigations into systemic wrongdoing by financial institutions in their handling of delinquent mortgages, mortgage modifications, and foreclosures. Delegation members have received thousands of complaints from their constituents, which appear to outline a clear pattern of misconduct on the part of lenders and servicers.

October 5, 2010

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&ldquo;It&rsquo;s clear that even after promising to work with borrowers, and receiving government incentives to do so, financial institutions are simply stringing the American people along,&rdquo; noted Delegation Chair, Rep. Zoe Lofgren. &ldquo;After reviewing thousands of complaints from our constituents, it appears that we aren&rsquo;t dealing with isolated incidents and that a pattern of misconduct and obstruction is present.&rdquo;

PDF of Full Letter -- 275.67 Kb

PDF of Case Work Examples -- 1.68 Mb

Full Text of Letter:

Dear Attorney General Holder, Chairman Bernanke and Acting Comptroller Walsh,

As members of the California Democratic Congressional Delegation, we urge you and your respective agencies to investigate possible violations of law or regulations by financial institutions in their handling of delinquent mortgages, mortgage modifications, and foreclosures.

Over the last few years, thousands of our constituents have reported that many financial institutions, despite good faith efforts on the part of most homeowners to work out reasonable loan modifications or simply seek forbearance of foreclosure, routinely fail to respond in a timely manner, misplace requested documents, and send mixed signals about the requirements that need to be met to avoid foreclosures. We are particularly perplexed by this apparent pattern in light of the many incentives Congress and the Obama Administration have offered to servicers and lenders to avoid foreclosures where financially viable, including subsidies and loan guarantees from taxpayers. Avoidable foreclosures end up being unnecessarily costly for homeowners, lenders and servicers, and our housing market, whose health is essential to our economic recovery.

The apparent pattern reported by our constituents leads us to conclude that their problems are not just personal anecdotes anymore. Recent reports that Ally Financial (formerly GMAC) and JP Morgan may have approved thousands of unwarranted foreclosures only amplify our concerns that systemic problems exist in the ways many financial institutions have dealt with homeowners who are seeking to avoid foreclosures.

We are now in the third year of the worst housing crisis we have seen in decades. Far too many families in California, and across the country, continue to lose their homes. While Congress and the Obama Administration have taken steps to help mitigate the housing problem, this devastation has persisted and, in fact, worsened as the country's unemployment rate increased. We have heard numerous stories of financial institutions being uncooperative at best or misleading and acting in bad faith at worst. These heartbreaking stories are commonplace, persisting across the state and across lenders and servicers. As you can see from the attached document, which highlights examples of casework throughout California, it appears that banks have repeatedly misled and obstructed homeowners from receiving the help Congress and the Administration have sought to provide.

The excuses we have heard from financial institutions are simply not credible three years into this crisis. People in our districts are hurting. We have tried to help them in the face of the many challenges they have faced in their dealings with financial institutions. It is time that banks are held accountable for their practices that have left too many homeowners without real help.

Sincerely,

Zoe Lofgren

The California Democratic Congressional Delegation consists of 34 Democratic members of the U.S. House of Representatives from California. This group outnumbers all other state House delegations - Republicans and Democrats combined.